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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001977

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SUBJECT: PRESIDENT MOVES TO REGAIN CONTROL OVER
CROSS-STRAIT AGENDA

REF: TAIPEI 1968

Classified By: AIT Director Douglas Paal, Reason: 1.4 (B/D)

1. (C) Summary: President Chen Shui-bian moved on May 1 to regain control over the cross-strait agenda in the wake of the Lien Chan visit to Beijing. Chen announced that he will use the upcoming visit of People First Party (PFP) Chairman James Soong to convey a message to PRC President Hu Jintao, although the specific contents of the message remain a mystery even to close confidantes of the two leaders. Senior officials in both camps have confirmed that Soong has agreed to press Beijing to reopen dialogue with the Chen government and will ask the PRC to consider a new formulation to supplant Beijing's "1992 consensus." Chen has also invoked USG backing for his cross-strait initiative, telling reporters that the USG pressured the KMT to coordinate with the government ahead of Lien's visit to Beijing. Presidential advisors say Chen is citing USG and PFP support to reassure the public of his authority and to quiet criticism from his pro-independence fundamentalist base over his "soft" stance towards the Lien trip. While downplaying the significance of Lien's meetings in Beijing, Chen refuted comments over the weekend by officials in his government suggesting that the "five point" consensus achieved on April 29 violated the law. Chen publicly thanked Lien for sticking to his promise not to sign any formal documents with his PRC counterparts. End Summary.

Chen Goes on the Offensive with "Special Message"

2. (C) President Chen offered a series of media interviews before and during his May 1 flight to the Marshall Islands to discuss recent cross-strait developments. Chen reiterated his call for Beijing to engage in dialogue with his government and revealed that he has asked PFP Chairman James Soong to deliver a message to Hu Jintao during his upcoming trip to Beijing. Presidential Office contacts confirmed that Chen met Soong on April 20 at the official residence of Presidential Office Secretary General Yu Shyi-kun. PFP Secretary General Chin Ching-sheng told AIT that Soong was

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asked to pass a message, but said he did not know the contents. Lin You-chang, a member of the Presidential Office's working group on contacts with the PFP, told AIT that during the April 20 meeting, Chen and Soong broke off from the main discussion, which focused on the special defense procurement budget, and held a one-on-one pull aside on Soong's upcoming visit.

3. (C) NSC Senior Advisor for cross-strait affairs Chen Chung-hsin told AIT that the contents of the Soong message have been kept extraordinarily close hold. However, Chen dismissed some of the wilder media speculation over the contents of the talks. Chen said that the President is aware that he can not use Soong's visit to achieve a major cross-strait breakthrough. Instead, the government hopes that Soong will convey to Beijing that the President is serious in his desire to ease tensions and establish dialogue. PFP Policy Chief Vincent Chang (Hsien-yao), the party's lead negotiator with Beijing, told AIT on April 29 that he has been instructed by Soong to press Beijing on the importance of engaging the Taipei government. Chang said that the PFP is walking a fine line between using its relationship with the President to enhance its cache in Beijing and avoiding the appearance of serving as a special envoy. Soong confidante and PFP Legislator Daniel Hwang (Yi-jiau) told AIT on May 2 that Chen's public revelations over recent Chen-Soong contacts caught the PFP off guard, and may put the party in a difficult position with Beijing.

4. (C) Nevertheless, the PFP's Chang, who departed for Beijing on May 1, told AIT that he would continue to press his PRC interlocutors to find a more flexible formula to break the "1992 consensus" logjam. Chang said that the PFP formally endorses the "1992 consensus," but is sympathetic to the Democratic Progressive Party's (DPP) stance on the issue. "Technically speaking, we know that the '1992 consensus' was invented by the KMT in 2000 and so does Beijing," Chang continued, "so we are pressing our PRC counterparts to find some formulation that will allow the two sides to finesse the

issue and resume a formal dialogue." Chang bemoaned, however, that the PRC has thus far rejected any attempts at facilitating contacts with the Chen administration. "They keep insisting that Chen cannot be trusted and that they just want to wait his term of office out," Chang asserted, "but we will continue to tell them that there will be no cross-Strait stability until they engage the Taiwan government."

Influencing the Hearts and Minds

15. (C) In addition to playing up the Soong visit, Chen also used his May 1 press remarks to claim USG support for his government's position on cross-Strait contacts. Chen told reporters that the U.S. passed two messages to Lien Chen before his departure for the Mainland: the need for support over the special defense procurement budget and caution in dealing with Beijing. Chen added that the U.S. urged Lien to coordinate with the government before hand in order to avoid falling into the PRC's "united front" traps. NSC and Mainland Affairs Council (MAC) officials told AIT that Chen's references to Washington's views were aimed at refuting KMT public claims that the USG had pressured Chen to endorse Lien's mission. MAC Chief Secretary Jan Jyh-horng said that the KMT and Taiwan media's portrayal of the USG position threatened to leave the government appearing weak and isolated. NSC officials noted that by citing USG and PFP backing, Chen could also resist criticism from Chen's dark Green supporters angered over his soft line on Lien Chan's visit.

16. (C) Revelations over alleged USG support notwithstanding, deep Green critics responded negatively to Chen's May 1 statement that Lien Chan's meeting with Hu Jintao did not violate any Taiwan law. While stating that his government may not be able to accept the conclusions reached between the KMT and PRC, Chen publicly thanked Lien for keeping his promise not to sign any formal documents in Beijing. Chen's comments directly contradicted statements by other officials, especially MAC Chairman Joseph Wu, in the immediate aftermath of the Lien-Hu meeting. MAC's Jan acknowledged that Wu went beyond his instructions when he publicly asserted on April 29 that Lien's "five point" agreement may have violated Taiwan law (Reftel). The KMT's Spokesman Chang Jung-kung welcomed Chen's clarification, but accused the President of using MAC and the DPP party headquarters as part of a "good cop/bad cop routine." Chang also disputed Chen's characterization of the USG view on Lien's visit, reiterating the KMT's position that the U.S. endorsed the KMT for "doing what the DPP has failed to do."

Strategy: Boost Soong, Humor Lien

17. (C) NSC officials say the President will continue to maintain a moderate tone towards Lien in order to keep the door open to a Chen-Lien meeting soon after the May 14 National Assembly election. NSC Deputy SecGen Henry Ko told AIT that the strategy is to accept Lien's trip as a purely "personal visit" while focusing on the government's efforts to pursue a "substantive" dialogue with Beijing, starting with conveying goodwill through Soong. Ko said that the government is considering convening a major conference on cross-Strait relations on May 7-8. The proposed meeting would provide a forum for the President to clearly articulate his cross-Strait agenda. Ko said that there is considerable confusion within the DPP over what the President is trying to achieve and whether he is in control of the agenda in the wake of the PRC's latest outreach to the opposition. Ko stated that Chen needed a venue to outline clearly that his second term administration would stay the centrist course he set out on earlier in the year.

Comment: Taking the Initiative, but Can He Keep It?

18. (C) With Lien's historic summit meeting coming to a close, Chen is moving quickly to reassert control over the cross-Strait political agenda. Thus far, officials remain cautiously optimistic that Beijing is willing to offer Soong more in substantive terms than Lien, since Soong has at least tacit support from the President. If this is the case, and Beijing's reaction to the PFP feelers does not suggest room for optimism, Chen may yet succeed in turning the Soong trip into a major victory. However, Chen will also need to manage his own and Soong's expectations for a short-term breakthrough. Beijing may yet intentionally downgrade Soong's treatment in order to send a negative message to the President and help the KMT maintain momentum. If this happens, Chen will have a harder time explaining to his own supporters how he let Beijing and the KMT deprive the DPP of the cross-Strait agenda.

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